



Patrick W. Henning, Director

October 26, 2009
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Arnold Schwarzenegger
Governor

Ms. Teresa Zimny, Program Manager II
Napa Valley Workforce Investment Board
650 Imperial Way, Suite 101
Napa, CA 94559

Dear Ms. Zimny:

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
SUMMER YOUTH PROGRAM
FINAL MONITORING REPORT
PROGRAM YEAR 2009

This is to inform you of the results of our review for Program Year (PY) 2009 monitoring review of the Napa Valley Workforce Investment Board's (NVWIB) ARRA Summer Youth Program (SYP). This review was conducted by Ms. Cindy Parsell from August 10, 2009 through August 13, 2009. Our review consisted of interviews with your staff and a review of the following items: expenditures charged to the ARRA SYP, oversight of your subrecipients, and procurement transactions. In addition, we interviewed service provider staff, SYP participants and worksite supervisors, and focused on the following areas of your ARRA SYP: eligibility determination, program operations, participant worksites, participant payroll processing, and oversight.

Our review was conducted under the authority of Section 667.410(b) (1), (2), & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by NVWIB with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

We collected the information for this report through interviews with representatives of NVWIB, service provider staff, ARRA SYP worksite supervisors, and ARRA SYP participants. In addition, this report includes the results of our review of sampled case files, NVWIB's response to Section I and II of the ARRA SYP Onsite Monitoring Guide, and a review of applicable policies and procedures for PY 2009.

We received your response to our draft report on September 24, 2009, and reviewed your comments and documentation before finalizing this report. Your response

adequately addressed finding number one cited in the draft report. The NVWIB stated corrective action should be sufficient to resolve this finding. However, this issue will remain open until we verify the implementation of your stated corrective action plan. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 10009.

Your response did not fully address finding number two cited in the draft report, and we consider this finding unresolved. We request that NVWIB provide Compliance Review Office (CRO) with a corrective action plan (CAP) stating how it will ensure that future timesheets will be properly reviewed for required signatures. Therefore, this finding will remain open and has been assigned CATS number 10010.

BACKGROUND

The NVWIB allocated all of its \$185,673 ARRA Youth allocation to serve 60 SYP participants. As of the week of August 10, 2009, NVWIB expended \$44,214 to serve 47 SYP participants.

ARRA SYP REVIEW RESULTS

While we conclude that, overall, NVWIB is meeting applicable ARRA requirements, we noted instances of noncompliance in the areas of payroll and timesheets. The findings that we identified in these areas, our recommendations, and the NVWIB's proposed resolution of the findings are specified below.

FINDING 1

Requirement: 29 CFR 97.20(b)(2) states, in part, that subgrantees must maintain records which adequately identify the source and application of funds for financially-assisted activities. Section (b)(6) requires that accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records.

OMB Circular A-87, Attachment B(8)(h)(5) states, in part, that personnel activity reports or equivalent documentation must reflect an after-the-fact distribution of the actual activity of each employee, they must be prepared at least monthly and must coincide with one or more pay periods, and they must be signed by the employee.

California Labor Code Section 510 states, in part, that any work in excess of eight hours in one workday shall be

compensated at the rate of no less than one and one-half times the regular rate of pay for an employee.

Observation: The NVWIB SYP contractor, On the Move, Inc., is responsible for administering the payroll to the summer youth participants. We reviewed 48 timesheets in 24 case files and noted 27 errors on 16 of 48 timesheets in which a participant was not paid for the exact amount of time worked. A variety of errors occurred on participant timesheets: 5 worked more than 8 hours a day and were not paid overtime; 2 were paid twice for the same time worked; 3 were paid for sick time; 4 worked hours that were not recorded, hence not paid; 6 were paid for time that they were late reporting to work; and 7 were found to have clerical and math errors.

Recommendation: We recommended that NVWIB review the timesheets for the summer youth participants, reconcile the timesheets to the facts, make any necessary corrections, and provide payments to the participants as found to be necessary. Once completed, we recommended that NVWIB provide documentation of its action to CRO.

NVWIB Response: The NVWIB stated that their staff is scheduled to conduct follow-up fiscal and programmatic monitoring of their summer youth program operator during the first week of October. At that time, staff will confirm the timesheets have been reconciled and corrections made. Copies of corrections will be made for the file and a copy of our monitoring report will be forwarded to the state.

State Conclusion: The NVWIB's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify NVWIB's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10009.

FINDING 2

Requirement: 29 CFR 97.20(b)(2) states, in part, that subgrantees must maintain records which adequately identify the source and application of funds for financially-assisted activities. Section (b)(6) requires that accounting records must be supported by

such source documentation as cancelled checks, paid bills, payrolls, time and attendance records.

OMB Circular A-87, Attachment B(8)(h)(5) states, in part, that personnel activity reports or equivalent documentation must reflect an after-the-fact distribution of the actual activity of each employee, they must be prepared at least monthly and must coincide with one or more pay periods, and they must be signed by the employee.

Observation: We observed 9 of 48 timesheets reviewed did not contain either the participant signature or supervisor signature. Eight timesheets did not contain participant signature and one did not contain supervisor signature.

Recommendation: We recommended that NVWIB review all timesheets to ensure that timesheets are properly signed prior to making payments to participants. In addition, we recommended that NVWIB provide CRO with a Corrective Action Plan stating how it will ensure that future timesheets will be properly reviewed for required signatures.

NVWIB Response: The NVWIB stated that Napa's program operator, On the Move, Inc. has confirmed in writing that they have made all the necessary corrections to time sheets, including paying youth for overtime worked, insuring that youth are paid for actual time work and are not paid for sick time or for being late. On the Move, Inc. has recalculated all the time sheets to insure all of the above and made the necessary corrections to youth pay. In addition, they have corrected the signing of time sheets. All time sheets are now properly signed by both the employee and the supervisor.

State Conclusion: Based on NVWIB's response, we cannot resolve this issue at this time. The NVWIB's response indicates that corrections have been made to the timesheets identified, but the response did not include a CAP to address future timesheets. We, again, recommend that NVWIB provide CRO with a CAP stating how it will ensure that future timesheets will be properly reviewed for required signatures. Until then, this issue remains open and has been assigned CATS number 10010.

Due to the short period of time the 2009 SYP is in operation the above corrective actions were requested in the exit conference in order that corrective action can be

taken immediately. Thank you for the timely action taken on specific issues identified above. We are providing you up to 10 working days after receipt of this report to submit to the Compliance Review Office your response to this report. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than November 9, 2009. If we do not receive a response by this date, we will release this report as the final report. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is NVWIB's responsibility to ensure that its systems, programs, and related activities comply with the ARRA grant program, federal and state regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain NVWIB's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please call (916) 654-1292.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Terry Austin, MIC 50
Anne Wegher, #911
Daniel Patterson, MIC 45
Jose Luis Marquez, MIC 50
Dathan O. Moore, MIC 50